

**V.
Inventory &
Reconciliation**

Inventory & Reconciliation

Frequency

Capital and Controlled Property

Policy

Each Laboratory division will physically inventory and reconcile moveable capital equipment and controlled property every other year. Discrepancies between the findings and property records must be reconciled and summary inventory reports submitted to DOE/LAAO within 180 days from the end of the physical inventory phase.

Cross-references:
ALPMI 109-1.5110
41 CFR 109-1.5106-5
Joints III.4.1

Attractive Property

Policy

Each Laboratory division will physically inventory and reconcile attractive property every year. The biennial inventory of capital equipment and the inventory of attractive property for that year should occur simultaneously. Discrepancies must be reconciled and reports submitted within 90 days from the end of the physical inventory phase.

41 CFR 109-1.5106-5
Joints III.4.2

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Independent Reviews

Independent reviews will be conducted by Property Management (PM) after each inventory to verify the results.

Inventory Procedures

Defining the Criteria

Inventories are conducted to account for and validate:

- the integrity of PAIRS data
- the property administrator's (PA's) record-keeping
- location information
- status subaccounts
- listings of off-site property (loans, repairs, etc.)

With this in mind, the following criteria will be established by PM before an inventory can take place:

- starting and ending dates
- the inventory base
- specific items in the inventory base
- how to determine that an item is accounted for
- personnel performing the inventory*
- the reconciliation schedule
- method for review of the physical inventory
- the progress reporting schedule (if any)

**Note: If practical, a property custodian should not inventory property assigned to him or her.*

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Inventory Preparation

PM

- 1) Schedules the inventory in conjunction with the PAs.
- 2) Notifies Laboratory personnel via memorandum of the dates, criteria, and procedures for the inventory as appropriate.
- 3) Prepares a baseline report of items to be inventoried, sorted by cost center, and distributes copies to the PAs by domain.

PA and/or Assistants

- 4) Assembles the following reports with the property specialist's (PS's) assistance:
 - baseline report
 - removed property (off-site)
 - list of on-site locations at which assigned equipment resides
- 5) Contacts the PS for any needed hardware, software, or supplies.

Conducting the Inventory

Off-site Items

Off-site items generally are inventoried by document.

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The custodial organization also may choose to send the PA to off-site locations to perform the inventory.

The document used for a given item must be dated less than one year prior to the baseline date. The inventory is not complete until all items have current inventory dates. PAs may request status reports for inventorying of off-site property within their domains through their PS's.

The PA should ensure that the usual procedures for the processing of each type of off-site property for which he or she is responsible have been started, and preferably completed, before beginning the physical inventory.

Change of Station

The PA enters as an inventory date the date of the Shipping Manifest (SM) used to transport the property, if that date is valid (within one year of the baseline date). Otherwise, he or she sends an Affidavit of Off-Site Inventory (see Appendix) or similar form for completion by the off-site employee. When the form is returned, verified, and reconciled, the signature date is entered as the inventory date.

Government-Furnished Property (GFP)

The PM GFP Office sends a Property Report (see Appendix) to all subcontractors annually. After a report has been returned, verified by the office, and reconciled, the office enters the report date as the

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inventory dates for the listed items. When necessary, it also may enter the date from an SM or Form 1054, Certification of Government-Furnished Equipment (see Appendix and Chapter III, "Property Control") that lists the item.

PAs should ensure that any outstanding Confirmations of Receipt (see Appendix and Chapter III, "Property Control") are completed and returned to PM promptly.

Joint-Use Property

All items must have Joint-Use Agreement dates of less than one year prior to the baseline date. The PM Joint-Use Office updates the inventory date after each annual renewal (see "Joint Use" in Chapter X, "Multiple-User Property"). Its cover memo to joint-use recipients indicates that by signing the renewal, the recipient verifies it has the property listed.

Loans

The PM Loan Office inventories loaned property in the same manner as GFP.

PAs should ensure that any outstanding Follow-Up Documents (see Chapter VII, on "Property Loans") are completed and returned to PM promptly.

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Property at Home or On Travel

PAs must ensure that items in PAIRS status subaccounts 7 and 8 have Property Removal Forms issued less than one year prior to the baseline date.

On-site Items

The PA:

- 1) Uses a bar code reader to take a room-by-room inventory of all appropriate property items in all areas assigned to the organization.

Note: All items in each property center's assigned areas must be included in the inventory even if they are not under the stewardship of that center.

- 2) Checks each located item against PAIRS for the accuracy of :

- nomenclature
- property number/bar code
- serial number
- model
- manufacturer
- custodian data
- location

- 3) During capital-item inventories, checks motor vehicles for missing license plates (see "License Plate Loss" in the "Motor Equipment" chapter).

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- 4) Uploads reader data into PAIRS.
- 5) Creates separate reports of the following, copies of which go to the appropriate line managers, business team leader, division director, and PS:
 - unlocated items
 - property-numbered items located during the inventory but not shown on the inventory list
 - capital, controlled or attractive items found untagged and unlisted

These reports should include, as available:

- a complete description
 - property number
 - bar code number (if different)
 - serial number
 - location or listed location
 - model
 - manufacturer
 - custodian and Z number
- 6) Updates custodian, location, serial number, manufacturer, model, and status subaccount data as necessary and initiates reconciliation procedures.

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Reconciliations

Tagged Items Not Listed

The PA reconciles property-numbered items located during the inventory but not shown on the inventory list by:

- 1) Checking PAIRS to determine if the items are in the custody of other groups and, if so, notifying the appropriate PAs for disposition instructions.
- 2) If the items are not in PAIRS as being active —
 - a. Reviewing PAIRS to see if the items are recorded as having been retired. If so, the PA consults with the line manager as to whether the item should be reactivated (see step "c." below) or physically retired in the manner indicated by the "last transaction document" field.
 - b. If the items are not listed as retired, the PA considers other possibilities, such as that the item is in the organization's possession for repair or is a recent acquisition not yet processed, and takes the appropriate corrective action.
 - c. Remaining items should be reactivated in PAIRS, and assigned a custodian if they are in sufficient use or excessed if not. To reactivate

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an item, the PA processes a Property Transfer Slip (PTS; see Appendix) and provides copies to the property custodian and PM.

Untagged Items

Capital, controlled, or attractive items without bar code labels or property numbers found on the work site during an inventory will be investigated by the PA, business team leader (BTL), and PS *after* the reconciliation. The PA prepares and distributes a PTS for each item determined to be LANL property subject to inventory and ensures that these items are tagged and recorded into PAIRS.

PM will generate a listing of these items from PAIRS for inclusion in the annual inventory report.

Unlocated Items

The PA makes every effort to locate recorded items not found in the inventory during the reconciliation period. PM has 180 days after the end of each Laboratory inventory period to seek and gain approval from DOE for retirement of items not found or accounted for (see "Write-offs" below).

Reconciliation File

When all reconciliations are complete, the PA provides to the PS a file with copies of the documents used.

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Reviews

When the inventory phase is completed, the property specialist (PS):

- reviews the inventory record to determine the percentage of unlocated items
- physically verifies a statistical sampling of the organization's PAIRS records to determine the accuracy of the inventory results

If the PS finds that:

- the percentage of unlocated items is greater than 1% of the organization's holdings of items that match the inventory criteria, by quantity or value

or

- the inventory error rate is greater than 1%

he or she reviews the inventory to determine the cause of the problem and issues a report to the BTL. In the meantime, the organization must take additional steps to reduce the unlocated items or errors below that percentage.

The BTL must respond to the report within 15 working days via memorandum to the PS, including in the response an action plan with target dates for elimination of the causes of the errors or discrepancies. Copies go to the PA, group leader

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and division director. The PS is responsible for ensuring that the actions are implemented.

ALPMI 109-5110(d)

Stand-downs

If after all reconciliation efforts the inventory error rate remains above five percent (5%), a stand-down of the organization may be required. During a stand-down, operations cease while employees search for missing items. The PA, PS, BTL, or line manager may call for the stand-down, and should take the request to as high a level of management as necessary.

Write-Offs

At the end of the reconciliation period:

PM

- 1) Verifies that every effort has been made to locate unaccounted-for items, and ensures that those efforts will continue.
- 2) Places these items into a unique status subaccount in PAIRS.
- 3) Runs a listing of these items for inclusion in the inventory report (see below) along with a request for DOE permission to retire these items.

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- 4) When DOE approves the write-off, completes a Report of Lost, Destroyed, or Damaged Property (see Appendix) to authorize retirement of all recommended items, and forwards the form and a list of the items to DOE/AL for signature.
- 5) Makes or verifies all PAIRS and other records changes regarding GFP, loans or joint-use property necessitated by the inventory results.

Property Accounting

- 6) Makes or verifies all other PAIRS changes necessitated by the inventory results, including write-offs upon receipt of DOE's written approval.

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Reporting

Results of the inventory and reconciliation efforts are reported by the PA and PS to the BTL, division director, and PM. PM issues a Laboratory summary report to PM's division director, who forwards copies to the Laboratory director and DOE/LAAO.